

A. 18

1 HIGHLY CONFIDENTIAL - G. LaROCCA
2 UNITED STATES BANKRUPTCY COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----X

5 In Re:

6 Chapter 11
7 LEHMAN BROTHERS Case No. 08-13555 (JMP)
8 HOLDINGS, INC., et al., (Jointly Administered)
9

Debtors.

10

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11

12 * * *HIGHLY CONFIDENTIAL* * *

13 DEPOSITION OF GERARD LaROCCA

14 New York, New York

15 August 19, 2009

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21

22

23 Reported by:

24 KATHY S. KLEPFER, RMR, RPR, CRR, CLR

25 JOB NO. 24292

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1 HIGHLY CONFIDENTIAL - G. LaROCCA
2 August 19, 2009
3 9:30 a.m.
4
5 HIGHLY CONFIDENTIAL deposition
6 of GERARD LaROCCA, held at Jones
7 Day, LLP, 222 East 41st Street, LLP,
8 New York, New York, before Kathy S.
9 Klepfer, a Registered Professional
10 Reporter, Registered Merit Reporter,
11 Certified Realtime Reporter, Certified
12 Livenote Reporter, and Notary Public
13 of the State of New York.
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1 HIGHLY CONFIDENTIAL - G. LaROCCA
2
3 JENNER & BLOCK, LLP
4 Attorneys for the Examiner
5 330 N. Wabash Avenue
6 Chicago, Illinois 60611-7603
7 BY: ROBERT L. BYMAN, ESQ.
8
9 HUGHES, HUBBARD & REED, LLP
10 Attorneys for the SIPA Trustee
11 1775 I Street, N.W.
12 Washington, DC 20006-2401
13 BY: JOHN F. WOOD, ESQ.
14 FARA TABATABAI, ESQ.
15
16
17 Also Present:
18 PHILIP E. KRUSE, Alvarez & Marsal
19
20
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1 HIGHLY CONFIDENTIAL - G. LaROCCA
2
3 A P P E A R A N C E S:
4 JONES DAY, LLP
5 Attorneys for Lehman Brothers, Inc.
6 222 East 41st Street
7 New York, New York 10017-6702
8 BY: ROBERT W. GAFFEY, ESQ.
9 BART GREEN, ESQ.
10
11 BOIES, SCHILLER & FLEXNER, LLP
12 Attorneys for Barclays Capital
13 and the Witness
14 575 Lexington Avenue - 7th Floor
15 New York, New York 10022
16 BY: JACK G. STERN, ESQ.
17
18 QUINN, EMANUEL, URQUHART, OLIVER & HEDGES, LLP
19 Attorneys for the Creditors Committee
20 865 Figueroa Street, 10th Floor
21 Los Angeles, California 90017
22 BY: ERICA P. TAGGART, ESQ.
23
24
25

A P P E A R A N C E S: (Cont'd.)
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1 HIGHLY CONFIDENTIAL - G. LaROCCA
2 GERARD LaROCCA, called as a
3 witness, having been duly sworn by a Notary
4 Public, was examined and testified as
5 follows:
6 EXAMINATION BY
7 MR. GAFFEY:
8 **Q. Mr. LaRocca, good morning. We met**
9 **briefly before the deposition. I'm Bob Gaffey.**
10 **I'm with Jones Day and we are special counsel to**
11 **the estate of Lehman Brothers Holdings, Inc.,**
12 **and as you know, we have been looking into**
13 **matters related to the transaction in September**
14 **of 2008 where Barclays purchased some assets**
15 **from Lehman and my questions today will be**
16 **largely about that. But first let me get some**
17 **background information.**
18 **Have you been deposed before?**
19 A. No, I haven't.
20
21
22 **REDACTED**
23
24
25

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PAGES 6-37 REDACTED

<p style="text-align: right;">Page 38</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p style="text-align: right;">TSG Reporting - Worldwide (877) 702-9580</p>	<p style="text-align: right;">Page 39</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p style="text-align: right;">TSG Reporting - Worldwide (877) 702-9580</p>
<p style="text-align: right;">Page 40</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p>Q. Got it.</p> <p>A. Right? And they -- but still concerned about how this, you know, how this was going to happen and get done on time. We talked about internally at Barclays -- who? Me, Rich Ricci -- about, you know, moving \$40 billion in one go. And, you know, it's a lot of money and that decision carried kind of great personal risk for me and also tremendous risk for Barclays, and while I was given assurances that from the Fed that JPMorgan was going to play ball or cooperate, my experience that week with them grabbing collateral, them turning the pipes off at Lehman Brothers, caused me great concern and was very concerned that we would be exposed that kind of money.</p> <p>Rich kicked the decision up. I don't know exactly the conversation that he had with Bob, but what came back to me was that Bob had gotten assurances from Bill, I think it's Bill Winters from JPMorgan, that all the collateral would move across.</p> <p>So we moved 40 billion in one go, I don't recall the time, late afternoon or early</p> <p style="text-align: right;">TSG Reporting - Worldwide (877) 702-9580</p>	<p style="text-align: right;">Page 41</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p>HIGHLY CONFIDENTIAL - G. LaROCCA</p> <p>evening of Friday, and securities started to come across in glacier-like speed, just -- and I'm not sure why the systems were creaking. I'm not sure. Just it took -- you know, there was no rule book for what was happening. These aren't, you know, this is not, you know, this transaction is not getting processed like a normal transaction, you know, and securities moved till well after midnight.</p> <p>And Barclays is expecting, you know, something greater than \$45 billion worth of securities or, you know, and the number we were expecting were in the neighborhood of 49 to 50 billion dollars worth of securities, assuming there were normal haircuts assign to the collateral.</p> <p style="text-align: center;">REDACTED</p> <p style="text-align: right;">TSG Reporting - Worldwide (877) 702-9580</p>

PAGES 42-61 REDACTED

<div>Page 62</div> <div>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div> <div>REDACTED</div> <div>TSG Reporting - Worldwide (877) 702-9580</div>	<div>Page 63</div> <div>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div> <div>REDACTED</div> <div>TSG Reporting - Worldwide (877) 702-9580</div>
<div>Page 64</div> <div>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div> <div>REDACTED</div> <div>TSG Reporting - Worldwide (877) 702-9580</div>	<div>Page 65</div> <div>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</div> <div>REDACTED</div> <div><p>Q. Who is Marty Malloy?</p><p>A. Marty Malloy is a trader in our stock loan area who would be responsible for trying to finance some of this collateral with third parties after it arrived.</p></div> <div>REDACTED</div> <div>TSG Reporting - Worldwide (877) 702-9580</div>

PAGES 66-197 REDACTED

<p style="text-align: right;">Page 198</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p>TSG Reporting - Worldwide (877) 702-9580</p>	<p style="text-align: right;">Page 199</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p>TSG Reporting - Worldwide (877) 702-9580</p>
<p style="text-align: right;">Page 200</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">REDACTED</p> <p>MR. STERN: That's all I have. (Time Noted: 3:02 P.M.) oOo</p> <p style="text-align: center;">_____ GERARD LaROCCA</p> <p>Subscribed and sworn to before me this day of 2009.</p> <p>_____</p> <p>TSG Reporting - Worldwide (877) 702-9580</p>	<p style="text-align: right;">Page 201</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p>HIGHLY CONFIDENTIAL - G. LaROCCA CERTIFICATE STATE OF NEW YORK) : ss COUNTY OF NEW YORK) I, Kathy S. Klepfer, a Registered Merit Reporter and Notary Public within and for the State of New York, do hereby certify: That GERARD LaROCCA, the witness whose deposition is herein before set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage and that I am in no way interested in the outcome of this matter. I further certify that neither the deponent nor a party requested a review of the transcript pursuant to Federal Rule of Civil Procedure 30(e) before the deposition was completed. In witness whereof, I have hereunto set my hand this 19th day of August, 2009. ----- TSG Reporting - Worldwide (877) 702-9580</p>

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1 HIGHLY CONFIDENTIAL - G. LaROCCA	1 HIGHLY CONFIDENTIAL - G. LaROCCA
2 INDEX	2 INDEX (Cont'd.)
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4 G. LaROCCA Mr. Gaffey 5, 197	4 Exhibit 209, a document bearing Bates Nos. 150
5 Mr. Wood 157	5 BCI-EX-00079307 through 79309
6 Ms. Taggart 180	6 Exhibit 210, a document bearing Bates Nos. 153
7 Mr. Stern 198	7 BCI-EX-00082420 through 82422
8	8 Exhibit 211, a letter from C. Green to 155
9 EXHIBITS: PAGE	9 R. Gaffey dated August 18, 2009
10 Exhibit 202, a document bearing Bates Nos. 62	10 Exhibit 212, an e-mail string, the first one 168
11 ECI-EX-00000042 through 43	11 in time from N. Reyda to ITD War Room, dated
12 Exhibit 203, a document bearing Bates Nos. 64	12 September 19, 2008
13 BCI-EX-00000080	13 Exhibit 213, an e-mail string, the first in 168
14 Exhibit 204, a document bearing Bates Nos. 69	14 time from G. LaRocca to A. Blackwell, dated
15 BCI-EX-00000081	15 September 20, 2008
16 Exhibit 205, Motion Under 11 U.S.C. Sections 83	16 Exhibit 214, an e-mail from T. Hasenpusch to 171
17 105 and 363 and Fed. R. Bankr. P. 9019(a)	17 A. Blackwell and others, with attachment
18 for Entry of an Order Approving Settlement	18 Exhibit 215, a document bearing Bates Nos. 193
19 Agreement	19 BCI-EX-(S)-00034528 through 34529
20 Exhibit 206, a letter from Hamish Hume dated 88	20
21 July 31, 2009	21
22 Exhibit 207, a document bearing Bates Nos. 89	22
23 BCI-EX-00099493 through 99517	23
24 Exhibit 208, a document bearing Bates Nos. 143	24
25 BCI 006119 through 6646	25
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1 HIGHLY CONFIDENTIAL - G. LaROCCA	
2 NAME OF CASE In re Lehman Brothers	
3 DATE OF DEPOSITION August 19, 2009	
4 NAME OF WITNESS Gerard LaRocca	
5 Reason Codes:	
6 1. To clarify the record	
7 2. To conform to the facts.	
8 3. To correct transcription errors.	
9 Page _____ Line _____ Reason _____	
10 From _____ to _____	
11 Page _____ Line _____ Reason _____	
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25 GERARD LaROCCA	
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